

Community Outreach

FY 2021-22 Budget

April 1, 2021

City of Milpitas

455 E. Calaveras Blvd., Milpitas, CA 95035
www.ci.milpitas.ca.gov • (408)-586-3000

Agenda

- Budget Calendar and Process
- Council Priority Areas
- Fiscal Outlook
 - FY 2022-2031 Ten-Year General Fund Financial Forecast
- Community Engagement & Survey Results
- Questions and Discussion



Overview and Purpose

- The Budget serves the following purposes:
 - Represents the City's priorities
 - Aligns available resources with community needs
 - Financial plan for the year
- The Budget process includes effective participation from:
 - Mayor and City Council
 - Milpitas community
 - City Staff



A photograph of a modern, curved building with a large glass facade and a fountain in the foreground. The building has a curved, multi-story structure with a mix of light-colored panels and large glass windows. The fountain in the foreground has several jets of water spraying upwards. The scene is captured during the day, with some trees visible on the left side.

BUDGET CALENDAR

Budget Calendar

Date	Milestone
January 2021	Statistically-valid Community Survey
March through April 2021	Open Town Hall Budget Survey
January 26, 2021	Preliminary Budget Study Session
February 11, 2021	Capital Improvement Program Study Session
March 11, 2021	Community Engagement Meeting
April 1, 2021	Community Engagement Meeting
April 6, 2021	Capital Improvement Program Approval
May 4, 2021	Master Fee Schedule Adoption
May 11, 2021	Operating Budget Study Session
June 1, 2021	Public Hearing and Budget Adoption



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CITY COUNCIL PRIORITY AREAS

Council Priority Areas



Community Wellness and Open Space

Continue to provide parks and amenities for people of all ages and abilities to enjoy higher levels of physical and mental health.



Economic Development and Job Growth

Continue to strengthen our economic foundations that support community prosperity and opportunity while ensuring a sustainable and livable city.



Environment

Promote a sustainable community and protect the natural environment.



Governance and Administration

Continue to streamline processes for enhanced service and remain committed to long-term fiscal discipline and financial stewardship.



Council Priority Areas



Neighborhoods and Housing

Continue to explore innovative approaches to incentivize affordable housing projects, collaborate with key stakeholders to care for our most vulnerable populations, and support and engage neighborhoods through dedicated programs and services.



Public Safety

Continue to invest in police and fire protection, in partnership with our community.



Transportation and Transit

Continue to seek and develop collaborative solutions to meet the transportation challenges facing our community and our region.

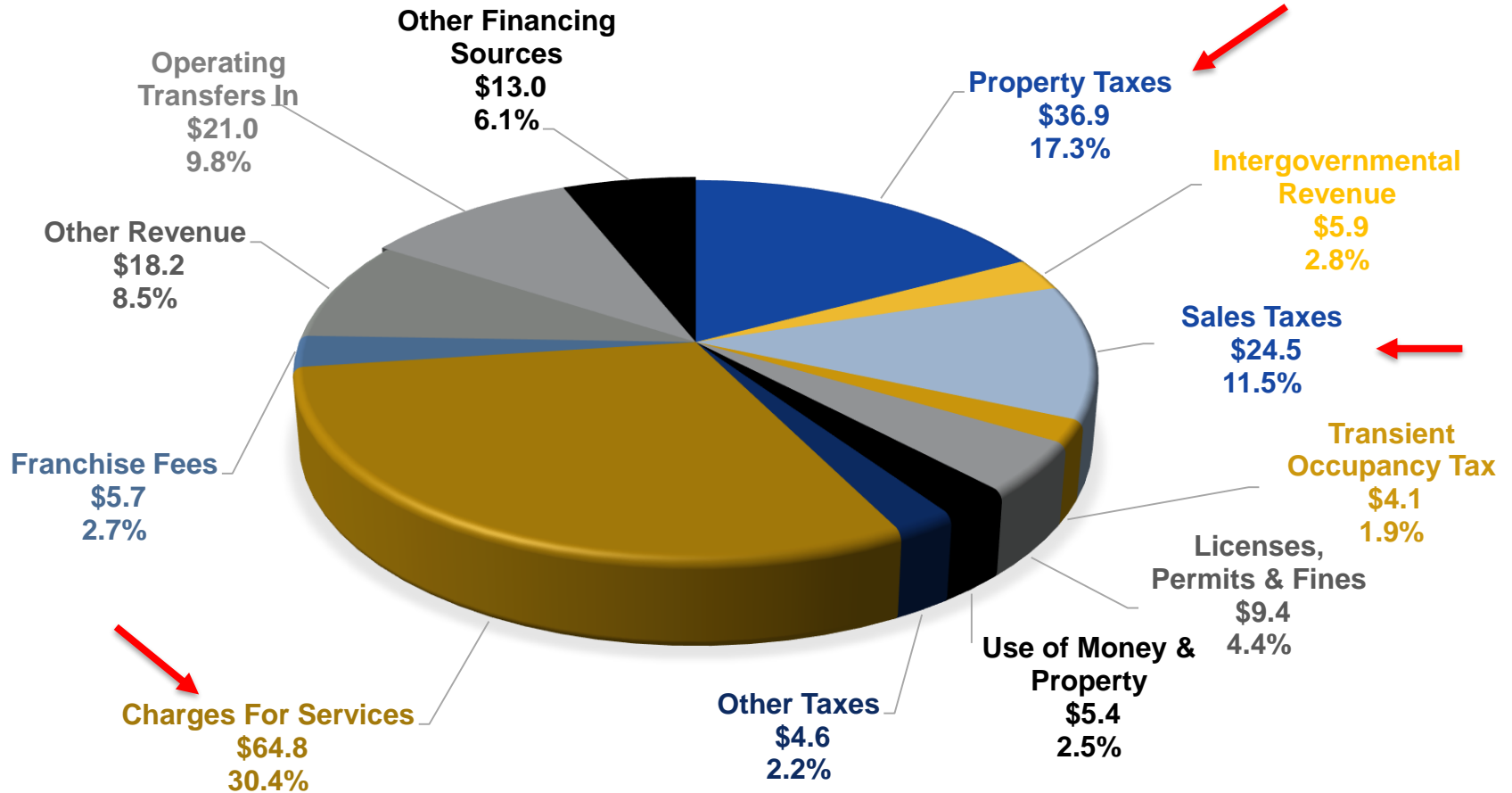


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City Services and its Funding Sources

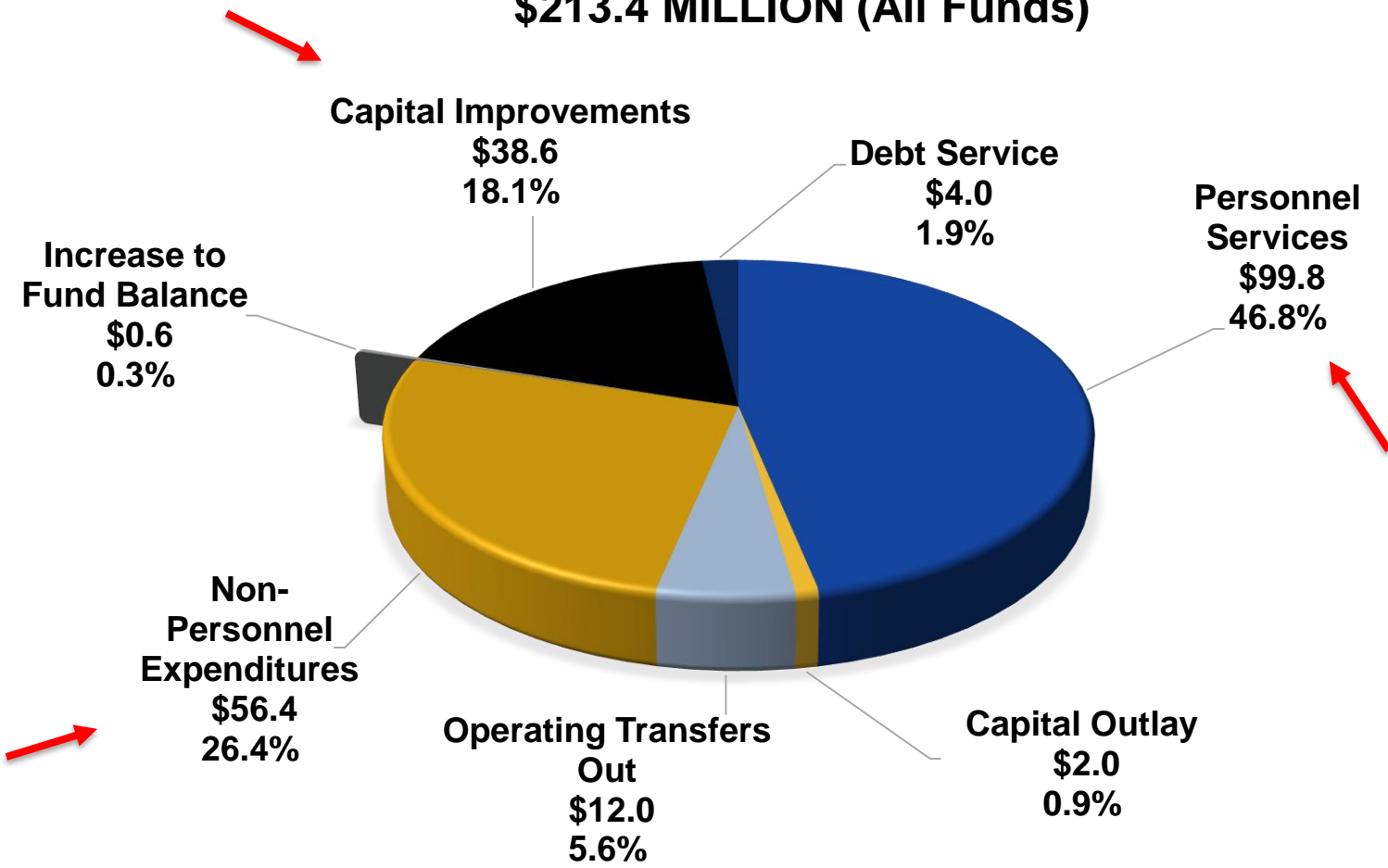
FY 2020-21 Amended Budget Revenues

\$213.4 MILLION (All Funds)

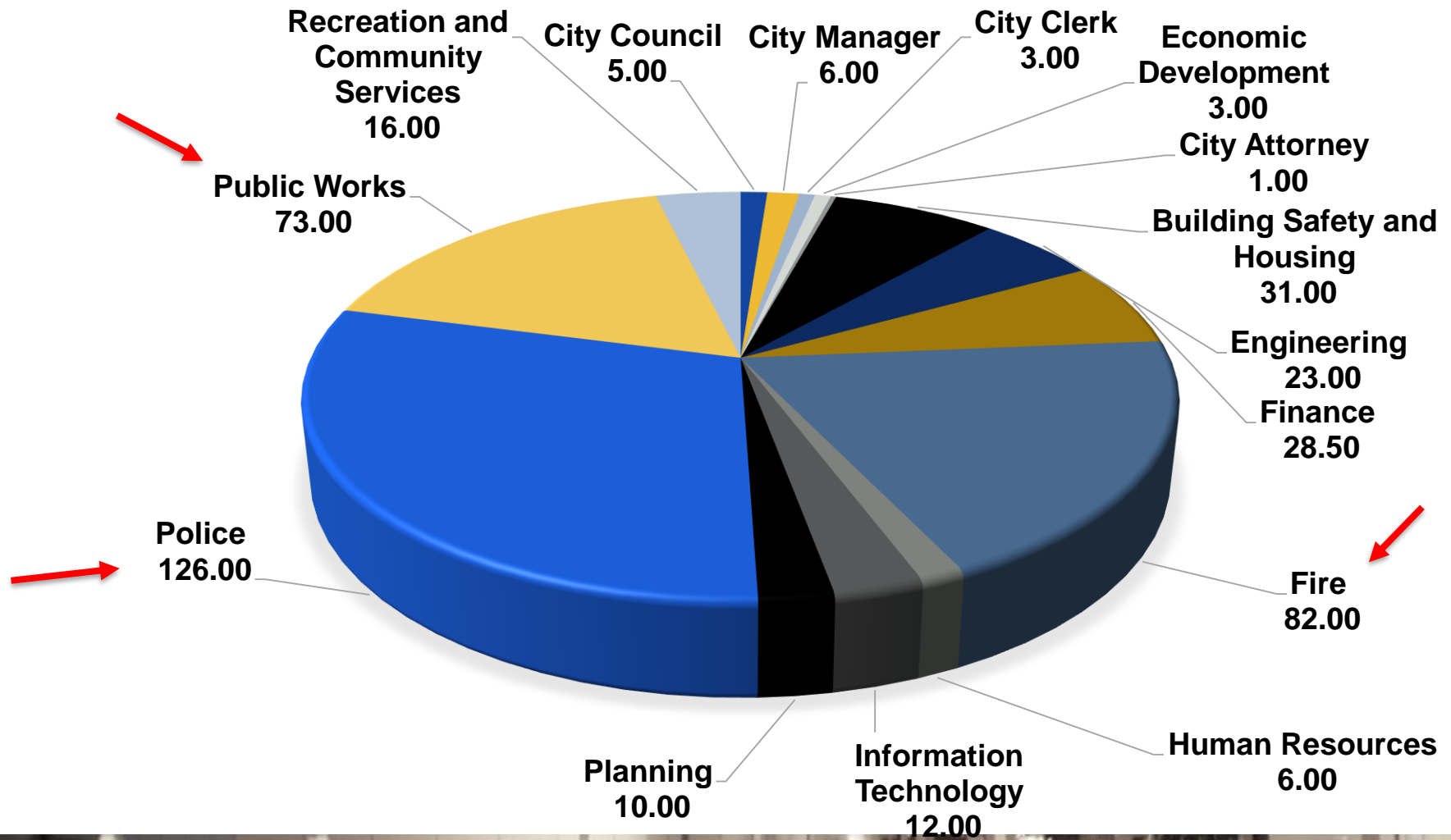


FY 2020-21 Amend. Budget Expenditures

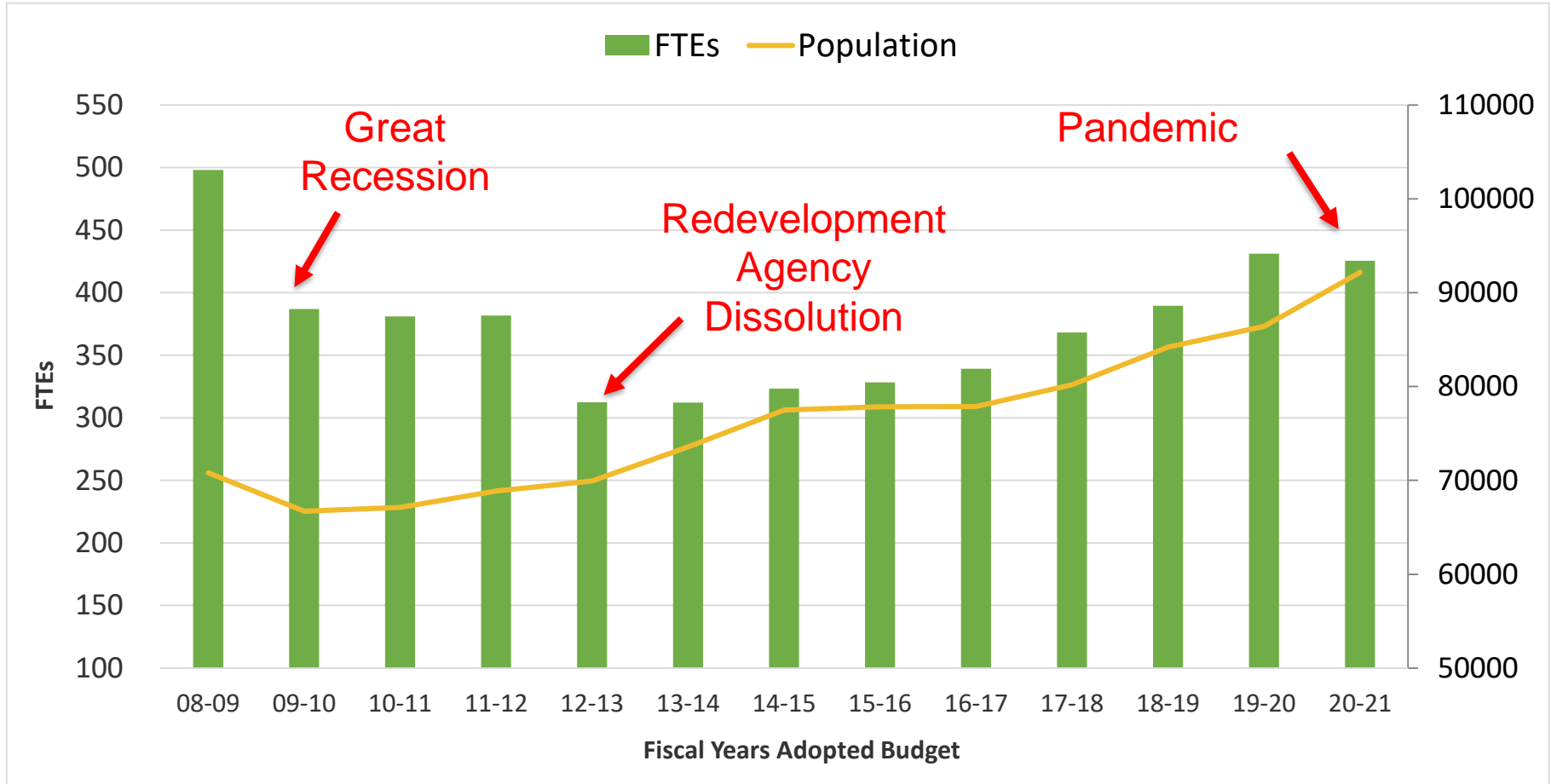
\$213.4 MILLION (All Funds)



Positions by Department (425.50)



Budgeted Positions (FTEs)

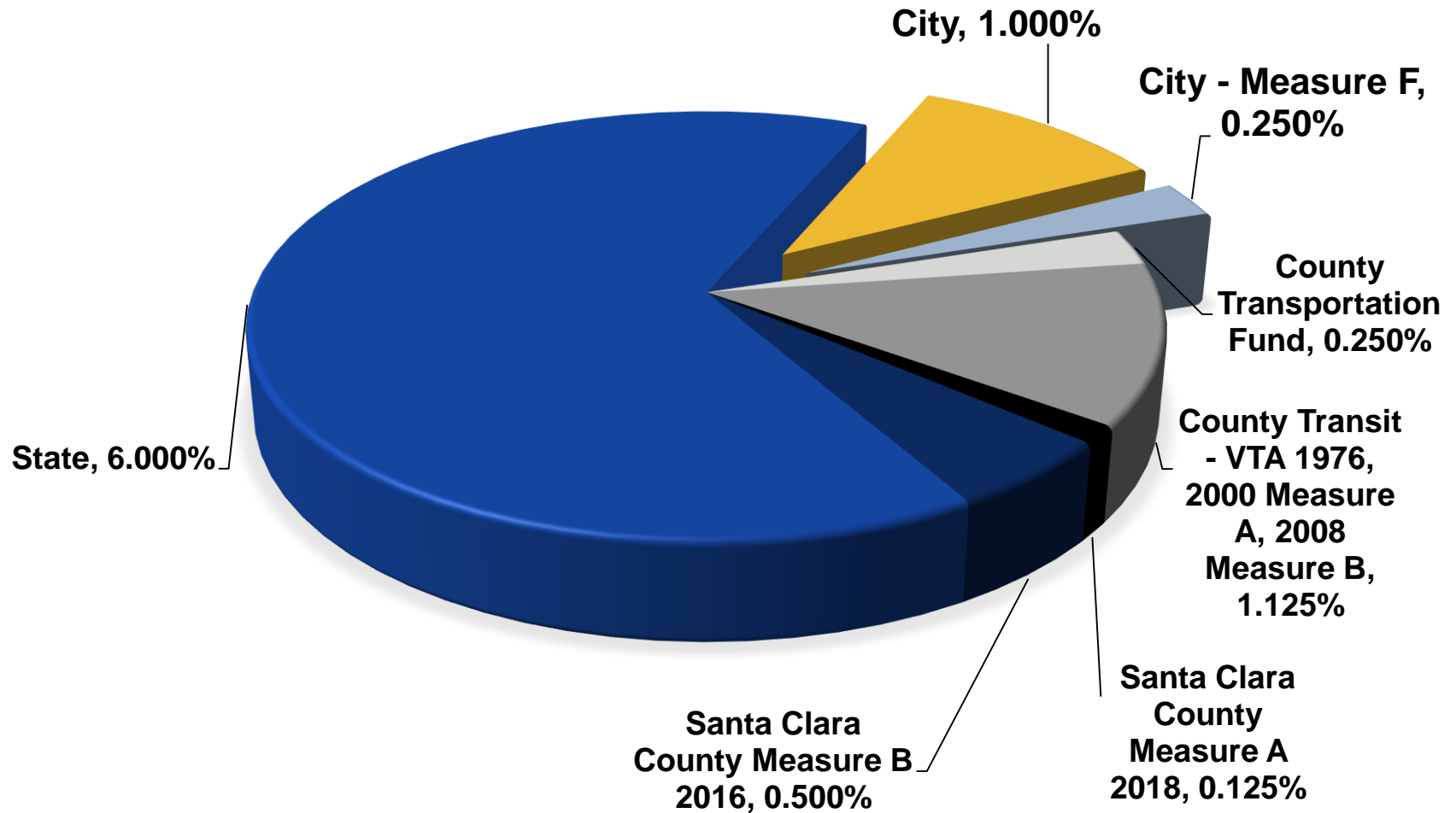


Property and Sales Tax

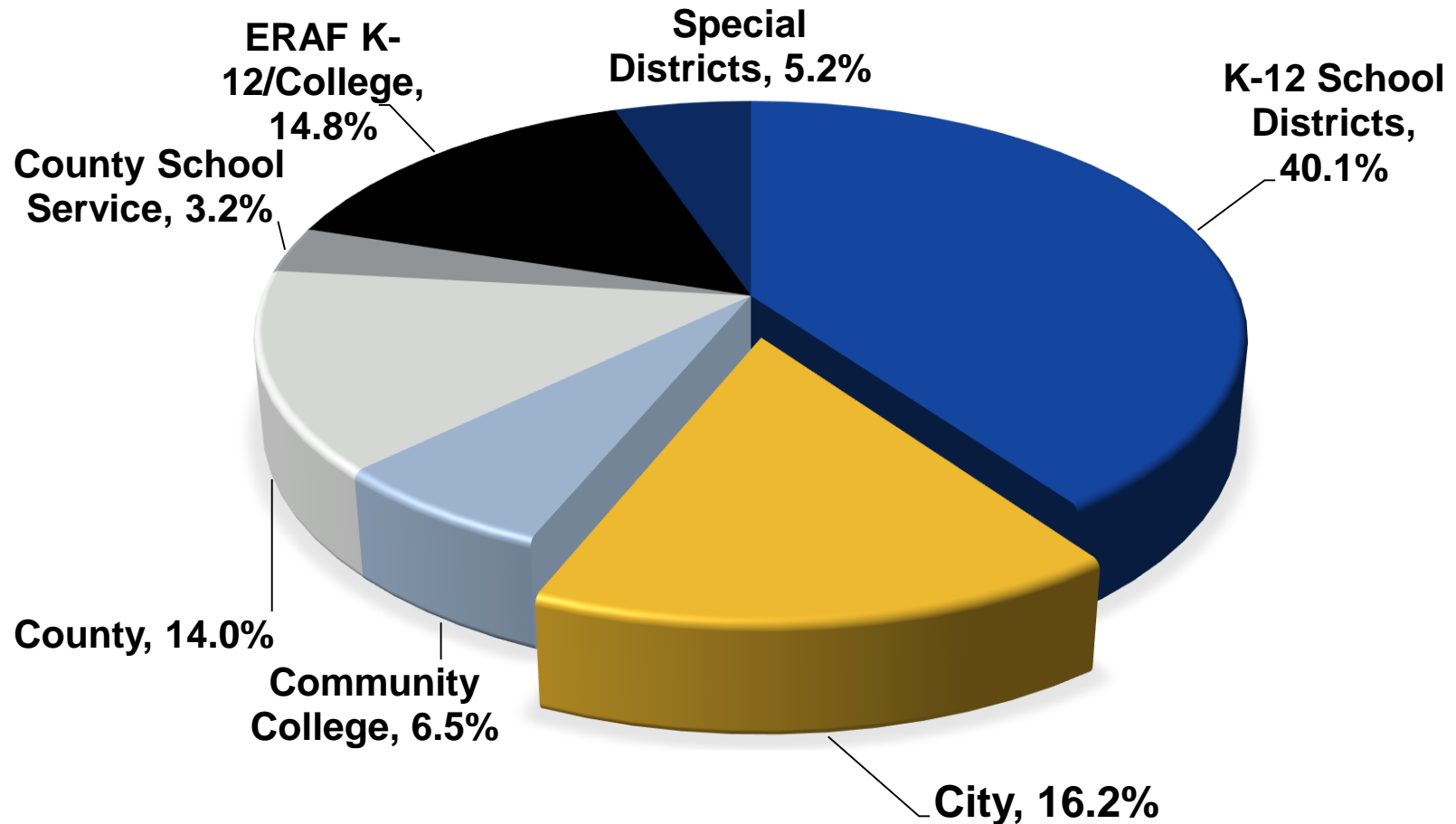
Cities only get a small portion of your taxes



9.25 % Sales Tax Allocation



1% of Property Tax Allocation



A photograph of a modern, curved building with large glass windows and a fountain in the foreground. The building has a curved facade with large glass windows and a balcony. The fountain in the foreground has several jets of water. The text is overlaid on a semi-transparent white box in the center of the image.

Preliminary Fiscal Year 2022-31 Ten-Year General Fund Forecast

FY 2022 – 2031 General Fund Forecast

- 10 Years
- Assumes Recovery by mid FY 2021-22
 - Permanent reduction in Transient Occupancy Tax
 - Measure F sunsets in FY 2028-29
- Revenue Projections
 - Data-driven; historical growth rates; working with consultants and City Departments; judgment
- Expenditure Projections
 - Personnel cost budgeting based on current MOUs as modified through side letters or resolutions (MPOA, IAFF, MidCon, Unrepresented)



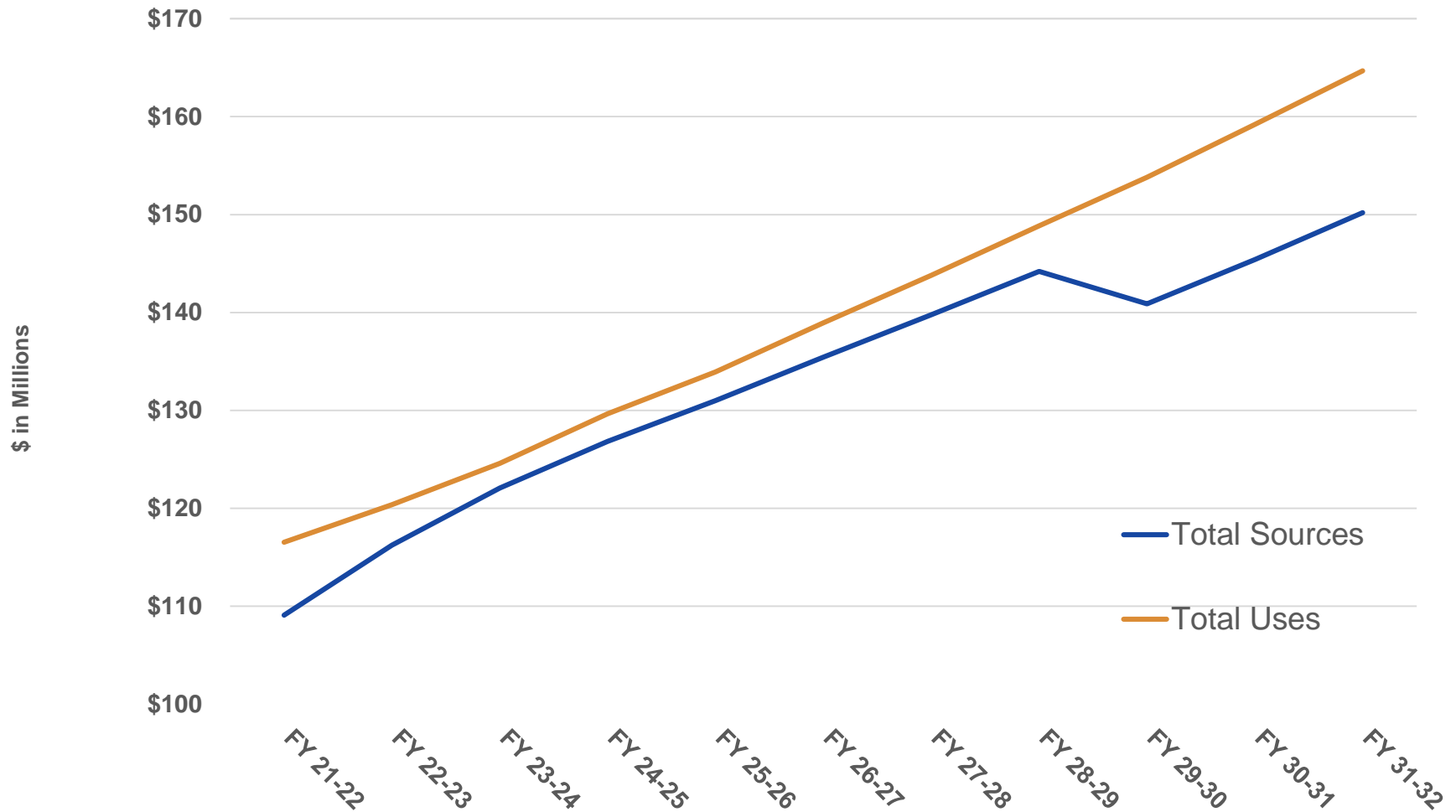
FY 2022-31 General Fund Forecast

	FY 20-21 Amend. Bud.	FY 21-22 Forecast	FY 22-23 Forecast	FY 23-24 Forecast	FY 24-25 Forecast	FY 25-26 Forecast
Total Sources	\$103.43	\$109.08	\$116.23	\$122.05	\$126.84	\$131.00
Total Uses	117.67	116.53	120.35	124.58	129.66	133.91
Deficits	\$(14.24)	\$(7.45)	\$(4.12)	\$(2.53)	\$(2.82)	\$(2.91)

	FY 26-27 Forecast	FY 27-28 Forecast	FY 28-29 Forecast	FY 29-30 Forecast	FY 30-31 Forecast
Total Sources	\$135.42	\$139.75	\$144.21	\$140.89	\$145.41
Total Uses	138.94	143.79	148.84	153.82	159.19
Deficits	\$(3.52)	\$(4.04)	\$(4.63)	\$(12.93)	\$(13.78)



Expenditures Outpace Revenues



Potential Impacts Not Included

- Funding for aging infrastructure (e.g., public safety buildings, storm drain system, parks master plan)
- Operational impact of upcoming infrastructure projects
- Operational impact related to the Milpitas Transit Center/BART Station
- Labor negotiations
- Pension and Retiree Healthcare cost increases not included in the projections provided by the City's actuaries
- Changes in the local, State, and national economy

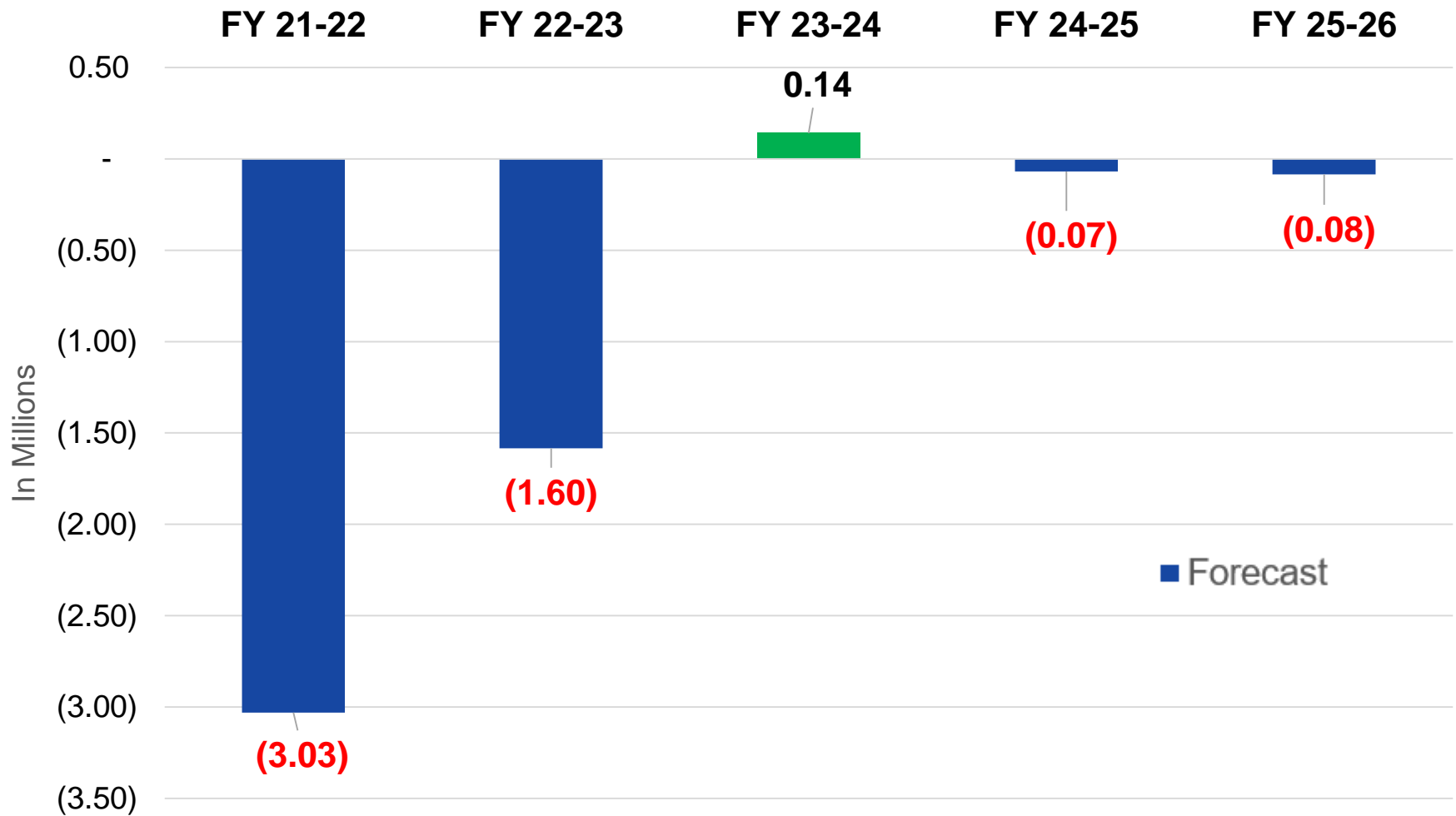


FY 2021-22 Remaining Shortfall

	Total Deficit
Deficit (01/26/2021)	(\$7.45)
FY 2020-21 Mid-Year Adjustments <ul style="list-style-type: none">• 13.75 Position and Other Reductions• FY 2021-22 Future Deficit Reserve	4.42
Remaining Shortfall	(3.03)



Annual Deficits



Status of Ongoing Budget Strategies

Strategy	Description	Annual Ongoing Amount	% of FY 2020-21 Budget
Personnel Cost Reductions	Pension Costs and Retiree Medical cost budgeting, FY 2020-21 Mid-Year ongoing position reductions, temp. salary reductions, and funding shifts	\$8.4 million	7.5%
Non-Personnel Expenditures Reductions	FY 2020-21 Adopted Budget and FY 2021-22 Base Budget; Transfer to Storm Drain Fd. Suspension	2.0 million	1.8%
Major Revenues	¼ Cent Sales Tax Measure	6.2 million	5.5%
No Wage Increases	MPOA, IAFF, MidCon and Unrepresented	2.4 million	2.2%
Ongoing Budget Strategies Implemented		\$19.0 million	17.0%
Total FY 2021-22 Projected Shortfall		\$3.0 million	2.7%
Service Reductions	Mostly Defunding/Elimination of positions	\$3.0 million	2.7%

Budget Balancing Approach

Informed by

- Council, community, and employee engagement
- Council Priorities
- COVID-19 Fiscal Response Strategies and Guidelines
- Fiscal Policies
- Budget Guidelines
- Best Practices



BUDGET BALANCE



Budget Balancing Approach

1. Strategic mix of short-term and long-term staffing reductions to minimize service level impacts to the community.
2. Reduce or defer services and programs based on anticipated lower demand and changing priorities.
3. Pursue full cost recovery for development services.
4. Maximize efficiencies through technology and process improvements.
5. Pursue new revenues as allowable by law.



A photograph of a modern, curved building with a large glass facade and a fountain in the foreground. The building has a curved, multi-story structure with a mix of light-colored panels and large glass windows. The fountain in the foreground has several water jets. The text "CAPITAL IMPROVEMENT PROGRAM (CIP)" is overlaid in a white box in the center of the image.

CAPITAL IMPROVEMENT PROGRAM (CIP)

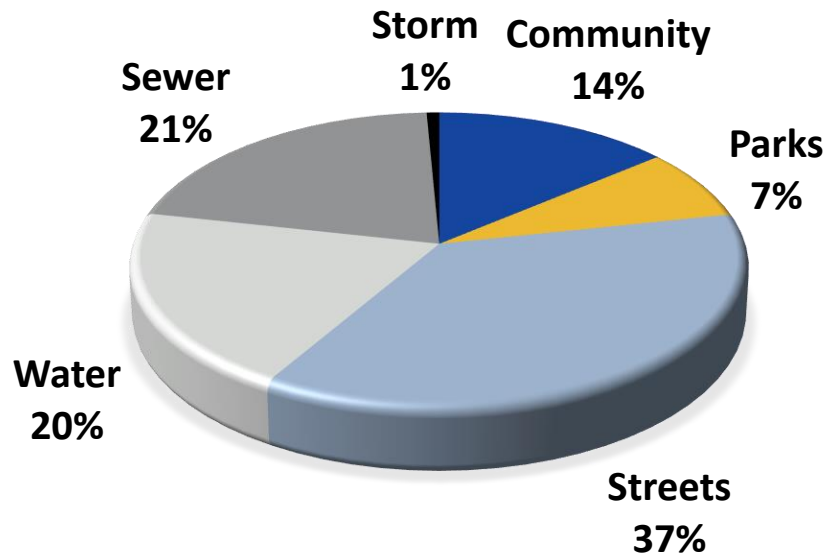
What is a CIP?

The Capital Improvement Program (CIP) is a 5-year infrastructure planning and budget document also referred to as the Capital Budget

- Ensures upgrades, repairs, and replacement of aging infrastructure
- Enables City to deliver needed services in accordance with Council priorities by planning, managing, and appropriating necessary funds and resources for public projects
- Ensure City implements and prioritizes projects in a timely manner for a safe and livable City



5 – Year CIP Estimated Cost Summary



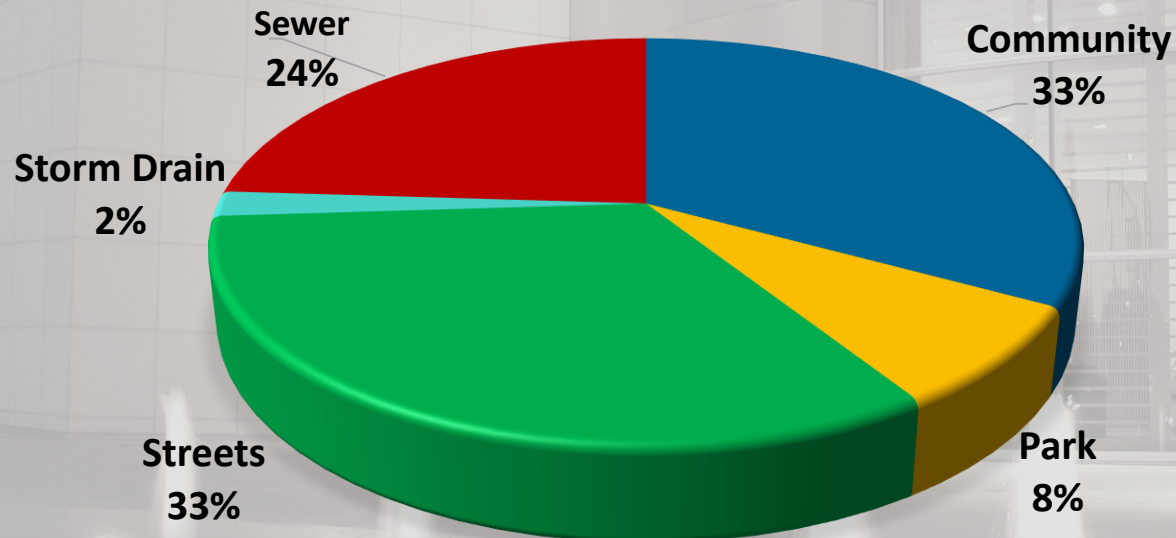
Project Category	No. of Projects	Project Cost Estimates
Community Improvements	35	\$29,416,000
Parks	16	\$16,255,000
Streets	41	\$77,642,500
Water	21	\$41,855,000
Sewer	11	\$43,903,222
Storm	8	\$1,555,000
Total	132	\$210,626,722

- Includes Projects with no funding in the amount of \$70.1 million



Projects with No Funding 2023-2026

Project Category	FY2022-23	FY2023-24	FY2024-25	FY2025-26	Total
Community Improvements	\$2,300,000	\$2,040,000	\$1,815,000	\$16,815,000	\$22,970,000
Park Improvements	\$2,450,000	\$500,000	\$600,000	\$2,300,000	\$5,850,000
Streets Improvements	\$1,635,000	\$4,260,000	\$3,285,000	\$13,610,000	\$22,790,000
Water Improvements					
Sewer Improvements		\$5,910,787	\$7,364,077	\$3,690,209	\$16,965,073
Storm Drain Improvements	\$1,550,000				\$1,550,000
Total (Value of Funding Need)	\$7,940,000	\$12,710,787	\$13,064,077	\$36,415,209	\$70,130,073



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COMMUNITY ENGAGEMENT

Community Engagement

- Core aspect of budget development is community feedback
- City seeks feedback through:
 - Community meetings
 - Resident surveys
 - Public Hearings






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COMMUNITY SURVEY

Community Survey

- Contracted with FM3 Research – Opinion, Research and Strategy

Sample Universe	Adult Residents in the City of Milpitas		
Total Interviews	795		
Dates	January 5-January 20, 2021		
Contact Method	 Telephone Calls	 Email Invitations	 Postcards
Data Collection Mode	 Telephone Calls	 Online Survey	
Language	English, Spanish, Vietnamese and Chinese		



Community Survey Results

Residents overwhelmingly agree that Milpitas' diversity is an asset, different cultures are celebrated, and the City is family friendly.

- **79%** are satisfied with the overall quality of life in Milpitas
- **87%** agree that Milpitas' diversity is an asset to the City
- **83%** feel that different cultures are celebrated in Milpitas
- **82%** think that Milpitas is a great place to raise a family
- **80%** are proud to live in Milpitas
- **77%** would recommend Milpitas to others as a place to live



Approval and Satisfaction Ratings

- **89%** approve of the Fire Department's performance
- **81%** approve of the Police Department's performance
- **74%** approve of the City's response to the coronavirus pandemic
- Three-quarters or more are satisfied with police protection (**83%**), 911 response (**82%**), traffic enforcement (**78%**) and park maintenance (**78%**).



Key Takeaways

- Perceptions of life in Milpitas are generally positive and consistent with 2020.
- Large majorities continue to be proud City residents, view the City as welcoming, think it's a welcoming place and a great place to raise a family, among other positive attributes.
- However, opinions are more mixed as to whether the City is "exciting" and a majority doesn't feel the City is "affordable."
- The audience share of who believes the City is growing "too fast" has fallen steadily since 2019. In 2019, 51% thought the City was growing "too fast." That fell to 41% last year and now 35%.
- Police, 911 response and infrastructure continue to rate as residents' top priorities.



Preliminary Open Townhall Survey

- Launched on March 5, 2021
- 31 responses as of March 8th
- Asked participants two questions:
 - allocate 20 dots to Council Priority Areas
 - allocate 16 dots to same Council Priority Areas under service cuts



Polling Instructions

- Go to <https://www.ci.milpitas.ca.gov/budgetsurvey>
- Take our survey and tell us what our budget priorities should be
- You can choose to keep your responses anonymous, if you wish to



A photograph of a modern, curved building with a large glass facade and a fountain in the foreground. The building has a curved, multi-story structure with a prominent glass section on the right side. The fountain in the foreground has several water jets. The scene is captured during the day, with a clear sky and some trees visible on the left.

QUESTIONS AND DISCUSSION

A photograph of the City of Milpitas building at dusk. The building is a modern, curved structure with a light-colored stone or concrete facade and large glass windows. The interior lights are on, and the building is reflected in the glass. In the foreground, there is a fountain with several water jets spraying upwards. The sky is a deep blue, and some trees are visible on the left side.

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